



Small businesses seeking coronavirus relief have until June 30 to apply for PPP loan

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June 29, 2020

PPP loan recipients may be able to apply for additional aid under a newly proposed bill. FOX Business' Hillary Vaughn with more.

Small businesses hurting from the coronavirus pandemic and economic lockdown have one more day to apply for a forgivable loan through the government-backed Paycheck Protection Program.

June 30 is the deadline for small business owners to take advantage of the PPP, a rescue fund established by Congress with the passage of the \$2.2 trillion CARES Act at the end of March. Employers with fewer than 500 workers can receive loans of up to \$10 million; if at least 60 percent of the money goes toward maintaining payroll, the federal government will forgive the loan in its entirety, essentially transforming the money into a grant.

If the loans are not forgiven, a business will have five years to repay the loan at 1 percent interest.

Small businesses can apply for the money through their local bank, so long as it's an approved SBA lender, or through any federally insured depository institution, federally insured credit union and Farm Credit System institution that is participating.

At least 5,458 lenders participated in the program, according to the SBA. Small banks accounted for the bulk of lenders, with 5,323 distributing roughly \$70 billion in aid. Thirty-four large banks with more than \$50 billion in assets participated, doling out \$92 billion in relief.

The second round of PPP funding began April 27 after the initial tranche of \$349 billion expired in just 13 days due to massive demand among small businesses. As of Friday, more than 4.7 million loans worth about \$517.9 billion had been distributed through the program. That leaves roughly \$130 billion left over in the fund.

At its onset, the program was heavily criticized for granting aid to publicly traded companies that had other avenues for relief -- even as small businesses languished. But the SBA and Treasury Department, which jointly administer the program, scrambled to close the loopholes that allowed multimillion-dollar companies tap the fund, including pledging to audit any loan worth more than \$2 million.

At least 439 public companies received forgivable loans totaling more than \$1.39 billion through the program, according to Washington, D.C.-based data analytics firm FactSquared. Of those companies, 69 returned the money, or roughly \$436 million.

In the months since it first launched, it's been lauded as a success in helping businesses survive the worst economic catastrophe since the Great Depression.

It's unclear the overall effect the taxpayer-funded program had on buttressing the economy. At the beginning of June, Treasury Secretary Steven Mnuchin estimated it had saved some 50 million jobs

"This economic positioning is the direct result of the Trump administration and Congress working together to pass bipartisan legislation to provide necessary liquidity to workers and markets," he said during congressional testimony.

There's now a debate in Congress about what to do with the leftover PPP money.

"There's strong bipartisan interest in protecting the funds that have been appropriated to develop a second round, but to have it targeted more to those small businesses that really need the help," Sen. Ben Cardin, the top Democrat on the Small Business and Entrepreneurship Committee, told Bloomberg News.

One proposal by Cardin and Sens. Chris Coons, D-Del., and Jeanne Shaheen, D-N.H., would allow businesses with fewer than 100 employees to tap the taxpayer-backed fund for a second time if they can prove that they lost half of their revenue as a result of the outbreak of the virus.

Eligible businesses must have exhausted their initial PPP loan, or be on pace to spend the aid in order to qualify for another loan. The bill would also extend the loan application deadline for businesses from June 30 to Dec. 30 or later. A companion bill has been introduced in the House.

According to a survey released by the National Federation of Independent Businesses last week, 14 percent of the companies that received PPP aid are considering laying off employees once they deplete the money. At least 70,000 of those businesses anticipate laying off at least 10 workers apiece.

"Whether the PPP achieved its main objective of preventing small businesses from firing their staff and closing their doors permanently will take some months to determine," wrote Diego Zuluaga, an associate director of financial regulation studies at the libertarian-leaning Cato Institute. "If the same proportion of PPP borrowers and non-borrowers ends up shutting down, then the PPP will have been a waste."